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TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 517 - HB 714

February 19, 2019

SUMMARY OF ORIGINAL BILL: Authorizes the Commissioner of the Department of Safety (DOS) to issue a farm-related service industry employee restricted commercial driver license (FRSI CDL) to a licensed driver who has a good driving history and is an employee of an agri-chemical business, custom harvester, farm retail outlet or supplier, or livestock feeder. The licensee must satisfy all the requirements of a commercial driver license (CDL) except the written and driving test requirement.

Requires the license to be revalidated annually by DOS. Establishes certain restrictions on such licensees. A person may not hold an FRSI CDL and an unrestricted CDL at the same time.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue – Exceeds \$13,000/Recurring/Department of Safety

Increase State Expenditure – \$250,000/One-Time/Department of Safety
Exceeds \$2,000/Recurring/Department of Safety

Other Fiscal Impact - To the extent redesign of the driver license card can be accomplished with one of two available allowances permitted by the current third party vendor contract, any further impact will not result in a significant increase in expenditures. Otherwise, redesign of the card will result in an additional one-time state expenditure estimated to exceed \$90,000 that is not included in the above estimate.

SUMMARY OF AMENDMENTS (004054, 004371): Amendment 004054 adds language to the original bill to add employees of a cotton gin to the list of those farm-related industry employees eligible for an FRSI CDL.

Amendment 004371 changes the effective date from July 1, 2019, to 30 days after the date which the Commissioner of DOS notifies the Secretary of State and the Executive Secretary of the Tennessee Code Commission that DOS's "A-list" driver license programs is capable of implementing this act, or January 1, 2020, whichever is earlier. Adds language requiring the Commissioner of DOS to publish such notification on the Department website contemporaneously with delivery of such notification to the Secretary of State and the Executive Secretary of the Tennessee Code Commission.

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FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

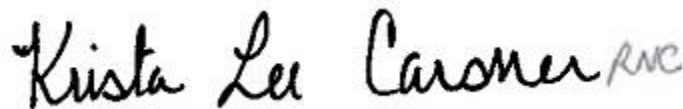
Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- This legislation requires an FRSI CDL holder to hold a valid driver license; therefore, it will not result in a decrease in non-commercial driver license fee revenue to the state.
- Under the provisions of this legislation, a fee structure for an FRSI CDL is not specified, though the legislation allows for the Department to promulgate rules.
- Given the proposed legislation requires any such licenses to be revalidated annually; it is assumed that each license will be valid for a one year period.
- DOS has not established a license fee for an FRSI CDL, but it is reasonably estimated that the fee would be similar to the current one-year PB or PC- Class B or C Learner Permit at \$13.
- It is estimated that DOS will issue at least 1,000 FRSI CDL each year, resulting in a recurring increase in state revenue to DOS estimated to exceed \$13,000 (\$13 fee x 1,000 licenses).
- Based on information provided by DOS and estimates provided from third-party contract vendors responsible for the driver license card system, the cost to perform a system modification to create and regulate an FRSI CDL is estimated to be a one-time state expenditure of \$250,000.
- The current cost to DOS of printing a driver license is \$1.99.
- This legislation would result in a recurring increase in state expenditures to DOS estimated to exceed \$1,990 (\$1.99 card printing cost x 1,000 annually-issued licenses).
- Based on information provided by DOS, and confirmed by the third party contract vendor responsible for the driver license card system, the cost to perform a system modification to accommodate the new classification on the license card is estimated to be a one-time state expenditure estimated between \$90,000 and \$100,000. The contract with the third party vendor contains a provision that allows up to two card changes per year at no additional charge.
- Changing of the effective date of this legislation with amendment 004371 is not expected to result in any change to the fiscal impact estimated for the original bill.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner" followed by a small "RNC" in the upper right corner.

Krista Lee Carsner, Executive Director

/jmg